HOUSE COMMITTEE ON
NATURAL RESOURCES
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Myths vs. Facts: Federal Onshore and Offshore Oil and Gas Production

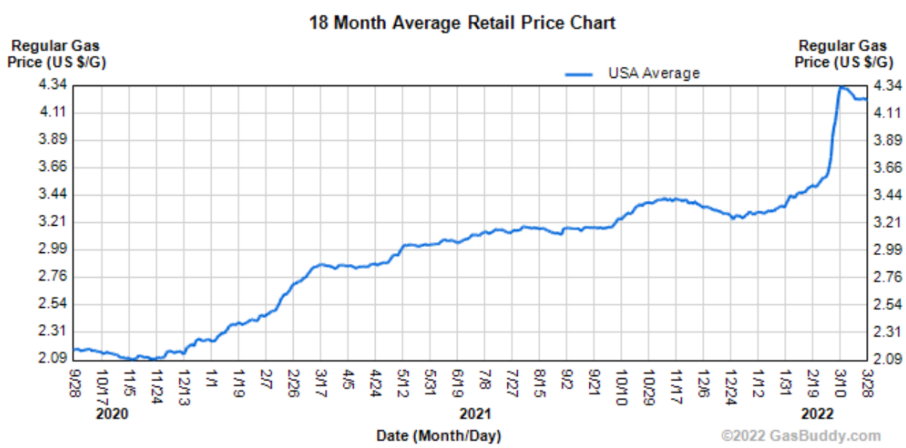
Myth: The Russian invasion of Ukraine is the only reason gas prices are rising.

FACT: Gas and oil prices have risen steadily since President Biden was elected. The Biden administration's anti-energy policies have had a chilling effect on production.

Halting the Keystone XL pipeline, oil and gas leasing on federal lands, and the Congressionally-authorized oil and gas program in the 1002 area of the Arctic National Wildlife in Alaska, and threatening industry with regulation and taxes were all actions taken by the Biden Administration during their first days in office. While the recent increase in the price of gasoline is partly attributable to Russia's invasion of Ukraine, that is far from the full story.

The numbers clearly tell this story. The price of West Texas Intermediate (WTI) was roughly $38 per barrel when Biden was elected. By late-January 2022, before Russia's invasion of Ukraine, the price of WTI had more than doubled to roughly $90. As of March 11, 2022, the price had increased further to roughly $110 a barrel.

Although taxes, refining, distribution, and marketing costs also factor in, the cost of gasoline is mostly dependent on the cost of crude oil. During the week of March 11th, average national gas prices shattered the previous 2008 record.[1] President Biden's policies that prevent American energy development have been driving up U.S. gasoline prices since day one in office and clearly have had more of an impact on the price of gasoline than the Russian invasion.[2]



[1] AAA. Gas Prices. https://gasprices.aaa.com/
[2] *Id.*

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Myth: Production on federal lands and waters is insignificant to our domestic supply.

FACT: Oil and gas production on federal lands and waters represents a significant portion of total U.S. production.

In 2021, production on federal lands and waters represented 25% of the U.S. total crude oil produced and about 10% of the natural gas produced in the U.S..[3] Demand does not decrease just because the Biden administration decides to stifle production. Hampering energy development on federal lands and waters has a notable impact on domestic energy prices and makes the United States more reliant on foreign sources of oil and gas.

Myth: There are 9,000 drilling permits and/or current leases that operators are not using.

FACT: There are over 4,600 pending APDs[4] that the administration could immediately approve to facilitate new production.

The White House has made reference to both 9,000 approved but "unused" permits,[5] known as Applications for Permits to Drill (APDs), and leases.[6] **"Non-producing" does not mean "unused."** Leases currently considered "non-producing" may yield production in the near term, as exploration and operations needed for future production are ongoing.

The truth is, operations cannot commence with only a single permit in hand. The decision to use an APD is a complex calculation based on the availability of permits, acreage, and equipment, among other business considerations. An approved APD may not be currently used for production for any of the following reasons: additional permits are required to begin operations; the federal government has failed to approve necessary rights-of-way needed for roads and infrastructure; parcels needed to develop a field have not yet been offered in a lease sale; parcels turn out not to be productive at commercial levels after exploratory drilling; seasonal stipulations may be in place for species mitigation; there may be difficulty securing financing due to the administration's hostile regulatory agenda; and equipment availability has been affected by President Biden's supply chain crisis.

***Myth**: Oil and gas companies are profiteering or price gouging to exploit the war.*

FACT: The Biden administration's anti-energy policies have stymied domestic production, slowing production and increasing oil and gas prices.

President Biden said that "Russia's aggression is costing us all and it's no time for profiteering or price gouging." But on the campaign trail Biden said, "No more drilling on federal lands! No more drilling, including offshore! No ability for the oil industry to continue to drill, period. [It] ends. Number one!"

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[3] Congressional Research Service. Memorandum for House Committee on Natural Resources Staff. March 15, 2022.
[4] Department of the Interior, Bureau of Land Management, Application for Permit to Drill Status Report: 12/1/2021 to 12/31/2021, https://www.blm.gov/sites/blm.gov/files/docs/2022-02/FY%202022%20APD%20Status%20Report%20December.pdf.
[5] The White House, Press Briefing by Press Secretary Jen Psaki, March 7th, 2022, https://www.whitehouse.gov/briefing-room/press-briefings/2022/03/07/press-briefing-by-press-secretary-jen-psaki-march-7th-2022/.
[6] The White House, Press Briefing by Press Secretary Jen Psaki, March 3rd, 2022, https://www.whitehouse.gov/briefing-room/press-briefings/2022/03/03/press-briefing-by-press-secretary-jen-psaki-march-3rd-2022/.

Democrats in Congress are now calling for increased taxes on energy that will only increase prices paid at the pump. Oil and gas companies are facing challenges through the efforts of the Biden administration and financial institutions to restrict their flow of capital. These policies create long-term uncertainty for the oil and gas industry which has driven away investment and exacerbated current workforce challenges.

Myth: Biden's ban on new lease sales does not impede drilling on current leases.

FACT: If the Biden administration had conducted regular quarterly lease sales beginning in Q1 of 2021, new oil and gas production could be occurring now.

The Biden administration has not issued any new onshore or offshore leases to date, despite statutory requirements to lease. If the administration had issued new leases in 2021, new production could be happening today. Regular leasing signals that federal acreage is open for business. It is impossible to generate confidence or investment in production today when future production is blocked by the administration. Leaseholders have nominated parcels for sale that are needed to develop currently held leases. Many such projects cannot move forward until President Biden holds additional sales. If the administration truly wanted to increase supply, they would rapidly issue additional leases, permits and rights-of-way.

Myth**: **The U.S. should source oil and gas from Iran and Venezuela instead of increasing U.S. production.

FACT: Increasing U.S. production will offer our allies a stable and responsible source of oil and gas.

Biden is reportedly looking to Venezuela and Iran to meet America's energy needs, a move that has received bipartisan condemnation. On March 5, 2022 the administration visited Caracas to negotiate with dictator Nicolás Maduro. Venezuela's state-owned oil company, PdVSA, has a terrible environmental track record and collaborates with criminal groups engaged in irresponsible resource extraction.[7] Further, Caracas's record of imprisonment, torture and extrajudicial killings is chilling. Maduro relies on Russian banking to launder cash, making him vulnerable.[8] Notably, Venezuelan imports are unlikely to dampen U.S. gas prices, as the country may only have about 120,000 to 200,000 barrels a day not committed elsewhere.[9] Even then, the regime would need to resolve outstanding debts, remove existing legal and fiscal obstacles, and improve security.

On March 13, 2022, members of Iran's parliament stated the following: "Now that the Ukraine crisis has increased the West's need for the Iranian energy sector, the US need for reduced oil prices must not be accommodated without considering Iran's righteous demands."[10] On the same day, the Islamic Revolutionary Guard Corps attacked a U.S. consulate in northern Iraq.

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[7] O'Grady, Mary Anastasia. Wall Street Journal. Biden Eyes Venezuelan Oil. March 13, 2022. https://www.wsj.com/articles/biden-eyes-venezuelan-oil-russia-ukraine-gas-prices-maduro-national-imports-11647195311?mod=opinion_featst_pos2
[8] *Id.*
[9] *Id.*
[10] Motamedi, Maziar. Oil concerns give Iran the upper hand in nuclear talks: lawmakers. March 13, 2022. https://www.aljazeera.com/news/2022/3/13/oil-concerns-give-iran-the-upper-hand-in-nuclear-talks-lawmakers

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Myth*: *Tapping the Strategic Petroleum Reserve (SPR) will lower gas prices.

FACT: President Biden's SPR releases are nothing more than a marketing gimmick with no significant impact on global oil markets or oil prices.

President Biden ordered a release of 50 million barrels in November of 2021 and another 30 million barrels in March of 2022. Globally, about 100 million barrels of oil are produced per day and the U.S. consumes between 18-20 million barrels per day. Put in context, President Biden's SPR releases meet the U.S. demand for less than five days, and hardly move the needle on oil prices. The administration is using the SPR as its piggy bank. These actions are platitudes that do nothing to address energy prices for American consumers.

The SPR has roughly 550 million barrels of oil and refined products left, which will only supply the U.S. for 22 days. Congressional Democrats refused to fill the SPR in stimulus negotiations in March of 2020 when oil prices were at historic lows. President Biden's use of the SPR to offset the impacts of his own anti-energy policies reduces the SPR's ability to meet America's energy needs in an actual emergency.

Myth: Investing in renewable energy alone will solve the current energy crisis.

FACT: Europe's decision to shut down conventional energy development has forced them to rely on oil and gas imports from Russia and other adversaries.

Hydrocarbons will be required by global markets for the foreseeable future. Global energy consumption is predicted to rise 50 percent by 2050,[11] and conventional energy resources are the most effective and lowest-cost option to meet that demand. Renewables are intermittent sources of energy that require baseload power and battery storage to provide reliable power during peak demand periods.[12] The energy crisis in Europe is the result of a forced "transition" to renewables. Europe shut down coal plants and nuclear reactors in exchange for wind and solar. As a result, they became heavily reliant on Russian natural gas to make up the difference, giving Putin enormous leverage.

What's more, the Biden Administration has enacted policies to make the development of renewable energy even more difficult. The administration has rolled back environmental streamlining efforts under the Trump administration that would have spurred renewable energy construction.

Myth: Halting American oil and gas production reduces greenhouse gas emissions.

FACT: Stopping U.S. oil and gas production simply means demand for oil and gas will be outsourced to foreign suppliers, many of whom have poor emissions records compared to the U.S.

While the U.S. decreased its CO_2 emissions by 24 percent from 2005 to 2020,[13] Russia emitted the most methane in the world in 2020.[14] According to the National Energy Technology Laboratory, Russian natural gas

[11] U.S. Energy Information Administration, EIA projects nearly 50% increase in world energy use by 2050, led by growth in renewables, Courtney Sourmehi, October 7, 2021, https://www.eia.gov/todayinenergy/detail.php?id=49876.
[12] Herman K. Trabish, "Battery energy storage is getting cheaper, but how much deployment is too much?" Utility Dive, June 30, 2020, https://www.utilitydive.com/news/battery-energy-storage-is-getting-cheaper-but-how-much-deployment-is-too-m/579183/.
[13] Institute for Energy Research, "Since 2005, U.S. Has Had Largest Decline in Carbon Dioxide Emissions Globally," October 27, 2021, https://www.instituteforenergyresearch.org/climate-change/since-2005-u-s-has-had-largest-decline-in-carbon-dioxide-emissions-globally/.
[14] Bloomberg, Russia's Dirty Gas Is Keeping Europe From Freezing Over, Aaron Clark, November 1, 2021, https://www.bloomberg.com/features/russia-europe-gas-pipeline-climate-impact-2021/.

exported to Europe has a lifecycle emissions profile 41% higher than U.S. liquefied natural gas (LNG) exported to Europe. Even the Obama administration recognized the environmental advantages of producing domestically, with 2016 analysis of offshore leasing finding that, "U.S. [greenhouse gas] GHG emissions would be higher if [the Bureau of Ocean Energy Management] were to have no lease sales."[15] If we are truly concerned about global emissions, we should be producing more at home.

Myth: Oil and gas production was higher in the first year of the Biden Presidency than in the first year of the Trump Presidency.

FACT: During the first 10 months of the Biden administration, the only period for which data is available, crude oil production was lower than in the first year of the Trump administration.[16]

Under the Trump administration, production of oil and gas increased every year until the pandemic. Under President Trump, the United States became a net energy exporter for the first time since 1952[17]. Energy prices have been on the rise since President Biden took office and began implementing his anti-energy agenda.

[15] U.S. Department of the Interior. Bureau of Ocean Energy Management, "OCS Oil and Natural Gas: Potential Lifecycle Greenhouse Gas Emissions and Social Cost of Carbon," November 2016, https://www.boem.gov/sites/default/files/oil-and-gas-energy-program/Leasing/Five-Year-Program/2017-2022/OCS-Report-BOEM-2016-065---OCS-Oil-and-Natural-Gas---Potential-Lifecycle-GHG-Emissions-and-Social-Cost-of-Carbon.pdf.
[16] Congressional Research Service. Memorandum for House Committee on Natural Resources Staff. March 15, 2022.
[17] U.S. Energy Information Administration. U.S. energy facts explained. https://www.eia.gov/energyexplained/us-energy-facts/imports-and-exports.php